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DE RUEHGV #0237 0781701  
ZNR UUUUU ZZH  
R 191701Z MAR 09  
FM USMISSION GENEVA  
TO RUEHC/SECSTATE WASHDC 8160  
RUEHHI/AMEMBASSY HANOI 0953  
RUEHOT/AMEMBASSY OTTAWA 5682  
RUEHME/AMEMBASSY MEXICO 2835  
RUEHGT/AMEMBASSY GUATEMALA 0383  
RUEHSN/AMEMBASSY SAN SALVADOR 0321  
RUEHMU/AMEMBASSY MANAGUA 0292  
RUEHSJ/AMEMBASSY SAN JOSE 0371  
RUEHTG/AMEMBASSY TEGUCIGALPA 0193  
RUEHBE/AMEMBASSY BELMOPAN 0001  
RUEHZP/AMEMBASSY PANAMA 0193

UNCLAS GENEVA 000237

SIPDIS

DEPT for IO/EDA, EEB

E.O. 12958: N/A

TAGS: [UNCTAD](#) [ECON](#) [EINV](#) [EFIN](#)

SUBJECT: UNCTAD - Vietnam Investment Policy Review and Latin  
American investor-state disputes: demand-driven assistance

REF: GENEVA 00233

¶1. Summary: On the margins of UNCTAD's first multi-year expert meeting on investment for development (reftel), UNCTAD showcased two pillars of its work: technical assistance through an Investment Policy Review (IPR) of Vietnam; and consensus building through an Ad-Hoc experts meeting on the Feasibility of an Advisory Facility on International Investment Law and Investor-State Disputes for Latin American Countries. Vietnam won praise for its opening to direct foreign investment and efforts to improve its investment environment. The Ad-hoc experts meeting provided a forum for Latin American countries to discuss investor-state disputes. End Summary

Vietnam Investment Policy Review  
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¶2. United Nations Conference on Trade and Development (UNCTAD) held two side-meetings on the margins of the larger experts meeting on investment agreements, February 10-11, 2009, in Geneva. At UNCTAD's Investment Policy Review of Vietnam launched by the Vietnamese Deputy Prime Minister, Mr. Hoang Trung Hai, Wes Scholz (Director, Office of Investment Affairs, US State Department) represented the United States joining other delegations in praising Vietnam's opening to Foreign Direct Investment over the last twenty years and the dramatic economic growth Vietnam achieved over the same period. Scholz praised UNCTAD for its high quality report that thoroughly covers Vietnam's current investment climate and makes clear practical recommendations on ways to improve it. He commented that the United States sees this sort of UNCTAD activity as answering the G8 call for UNCTAD to engage countries in the development of best practices for creating institutional environments conducive to increased foreign direct investment and sustainable development.

¶3. In five years, UNCTAD will review Vietnam's progress in implementing recommendations contained in the Vietnam IPR, so the fanfare with which the report was launched will be followed by accountability for implementation. UNCTAD has completed Investment Policy Reviews for 25 countries. Each IPR is done at the behest of the government under review and provides an evaluation of a country's legal, regulatory and institutional framework for Foreign Direct Investment, with a view to attracting increased foreign and direct investment to the country and maximizing the benefits from it. UNCTAD has completed five-year follow-up reviews in nine of the 25 countries and is currently conducting the five-year follow-up reviews on 7 more countries. UNCTAD has concluded reports in Egypt and Uganda on the implementation of IPRs completed and is preparing a report on the IPR implementation in Ghana. All UNCTAD's Investment Policy Reviews are available on the UNCTAD website.

14. U.S. delegation members also attended the Ad-Hoc Experts Meeting on the Feasibility of an Advisory Facility on International Investment Law and Investor-State Disputes for Latin American Countries, to which the US and Canada were invited as observers. Experts discussed the growing number of investor-State disputes in Latin America and the desire in many Latin American countries for a low-cost, high quality legal advisory center that could assist Latin American states in meeting the challenges posed by international arbitration cases. Some delegates expressed the view that more work should be done to help countries develop prevention strategies that keep Investor-State disputes from going to international arbitration. Other delegates agreed, but stressed that prevention activities would not obviate the need for a legal advisory center, perhaps modeled after the WTO trade dispute advisory center, that could provide assistance to countries once disputes have gone to international arbitration.

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